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Chapter 7 Trustee

7
8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **LOS ANGELES DIVISION**

11 In re:

12 SPECTRUM LINK, INC.,
13 Debtor.

14 HOWARD M. EHRENBURG, Chapter 7
15 Trustee,

16 Plaintiff,

17 vs.

18 IDEAL LUXURY, LLC,
19 Defendant.

Case No. 2:21-bk-16403-VZ

Chapter 7

Adversary No.:

**COMPLAINT TO AVOID AND
RECOVER AVOIDABLE TRANSFERS**

Place: 255 East Temple Street
Los Angeles, CA 90012

The Hon. Vincent P. Zurzolo

20 Plaintiff Howard M. Ehrenberg, solely in his capacity as the chapter 7 trustee
21 ("Trustee") of Spectrum Link, Inc. ("Debtor") brings this adversary proceeding against
22 Ideal Luxury, LLC ("Defendant") and alleges as follows:
23

24 **INTRODUCTION**

25 1. This suit seeks the avoidance and recovery of transfers made by the Debtor
26 to the Defendant in the four-year period prior to August 11, 2021 (the "Petition Date"), the
27 date the Debtor commenced this bankruptcy case. The transfers at issue total \$52,839.00,
28 and are identified in paragraphs 41- 44 by date and amount. These transfers are defined

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1 below as the "Four-Year Transfers". The Debtor made the Four-Year Transfers as part of
2 a fraudulent scheme involving the sale and leaseback of radio antennas that caused the loss
3 of tens of millions of dollars to more than one hundred unsuspecting investors.

4 2. The Debtor made the Four-Year Transfers with the actual intent to hinder,
5 delay, and defraud the Debtor's creditors. The Debtor's creditors consisted primarily of
6 individuals who the Debtor convinced to purchase one or more antenna towers, at \$25,000
7 per tower, that the Debtor would then lease back from the investor, as part of the Debtor's
8 business of providing Internet service in certain large U.S. cities. A Youtube video posted
9 May 4, 2021, in which the Debtor's General Manager, Mr. William Wright ("Mr. Wright")
10 explains this investment opportunity, is at www.youtube.com/watch?v=d7Cxbk05JxA.

11 3. The Debtor did not generate sufficient revenue to repay its investors, and
12 relied on new investment money to make interest payments to old investors, as well as to
13 pay its operating expenses. The Debtor transferred a substantial amount of inventor money
14 to insiders, either directly or, as in the case with the Defendant, to third parties to pay debt
15 incurred by insiders for which the Debtor was not responsible. The Debtor also transferred
16 investor money to third parties to maintain the illusion that it was a legitimate business.
17 This enabled the Debtor to lull additional investors into making new investments. The
18 Debtor also made payments to certain investors to keep them from complaining, or
19 commencing legal action.

20 4. The Trustee requests that this Court grant relief that will return the Four-
21 Year Transfers to the Debtor's estate ("Estate"). The Trustee seeks avoidance and recovery
22 of the Four-Year Transfers under 11 U.S.C. §§ 544, 548, and 550, and California Civil
23 Code § 3439.04.

24 JURISDICTION AND VENUE

25 5. This is an adversary proceeding, pursuant to Federal Rule of Bankruptcy
26 Procedure, which relates to the Chapter 7 proceeding captioned In re Spectrum Link, Inc.,
27 Case No. 2:21-bk-16403-VZ (Bankr. C.D. Cal., Los Angeles Division).

28 6. This Court has subject matter jurisdiction over this action pursuant to section

1 28 U.S.C. § 1334(b) and 28 U.S.C. § 157(a), in that this adversary proceeding arises in,
2 arises under, and/or relates to Debtor's chapter 7 case.

3 7. This adversary proceeding is a core proceeding under section 157(b)(2) of
4 Title 28 of the United States Code, such that this Court has jurisdiction to hear and
5 determine this proceeding and to enter an appropriate order and judgment. The Trustee
6 consents to entry of a final order or judgment by this Court.

7 8. This Court is the proper venue for this adversary proceeding pursuant to 28
8 U.S.C. § 1409(a) because the Debtor's chapter 7 case is pending in this judicial district.

9 **PARTIES**

10 9. The Trustee is the duly appointed, authorized, and acting Chapter 7 Trustee
11 for the Estate. The Debtor commenced a voluntary bankruptcy case under Chapter 11 of
12 the United States Code (the "Bankruptcy Code") on August 11, 2021. Howard M.
13 Ehrenberg was initially appointed Chapter 11 Trustee of the Estate on November 20, 2021.
14 Subsequently, the Court converted this case to one under Chapter 7 of the Bankruptcy
15 Code. The Trustee was appointed as Chapter 7 Trustee of the Estate on December 23,
16 2021, and he has served in that capacity since.

17 10. Defendant Ideal Luxury, LLC is a California limited liability company.
18 Defendant operates a pawn shop in Tustin, California.

19 **GENERAL ALLEGATIONS**

20 **I. Debtor's Operations**

21 11. Bernard Mayfield ("Mr. Mayfield") founded the Debtor on October 10, 2013.
22 At all relevant times, Mr. Mayfield was the 100% equity interest holder in the Debtor. He
23 served as its President and Chief Executive Officer until his death in April, 2021.

24 12. In 2014, Mr. Mayfield asked his sister, Marilyn Adjangba ("Ms. Adjangba"),
25 to work at the Debtor. Ms. Adjangba worked at the Debtor through 2021, becoming its
26 Chief Operating Officer upon Mr. Mayfield's death. She did not have a title prior to April,
27 2021. Mr. Mayfield also asked Mr. Wright to and Michael Micheletti ("Mr. Micheletti") to
28 work at the Debtor. Mr. Wright's title was General Manager. Mr. Micheletti held various

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1 titles including Chief Operating Officer and Chief Technology Officer. Mr. Roger
2 Jefferson was the Debtor's Vice President of Operations.

3 13. As part of the Debtor's efforts to solicit new investment, from time to time
4 Mr. Mayfield, Mr. Micheletti, and Mr. Wright participated in video interviews with third
5 parties such as Mountain West IRA. In those videos, Mr. Mayfield, Mr. Micheletti, and
6 Mr. Wright explained the Debtor's business and promoted investing in antenna towers. In
7 those videos, Mr. Wright referred to himself as Bob Davis. In others, he referred to
8 himself as Wally Wright. Mr. Wright also participated in video interviews on his own,
9 such as the video identified in paragraph 2.

10 14. The Debtor's pitch to investors was this: for every \$25,000 invested, the
11 Debtor would use that money to: (i) purchase a radio antenna on behalf of the investor,
12 which the investor would then own, (ii) install that antenna on property the Debtor had
13 previously leased from a third party, (iii) obtain a license from the FCC in the name of the
14 investor to use a certain radio frequency at that particular location, (iv) lease both the
15 antenna and the FCC license from the investor, for \$500 per month, and (v) use that
16 antenna and license to provide Internet service to paying customers. The Debtor
17 guaranteed that any investor could leave the investment at any time, and receive a full
18 buyback of its initial investment.

19 15. The Debtor's pitch attracted numerous investors. One investor, Kenneth
20 Thieman, began investing with the Debtor in 2014. Others invested in 2015 and 2016.
21 From February 1, 2017, through December 31, 2017, investors transferred \$4 million to
22 the Debtor—160 towers. In 2018, investors transferred \$3.2 million to the Debtor. In
23 2019, \$4.6 million. In 2020, \$3.9 million.

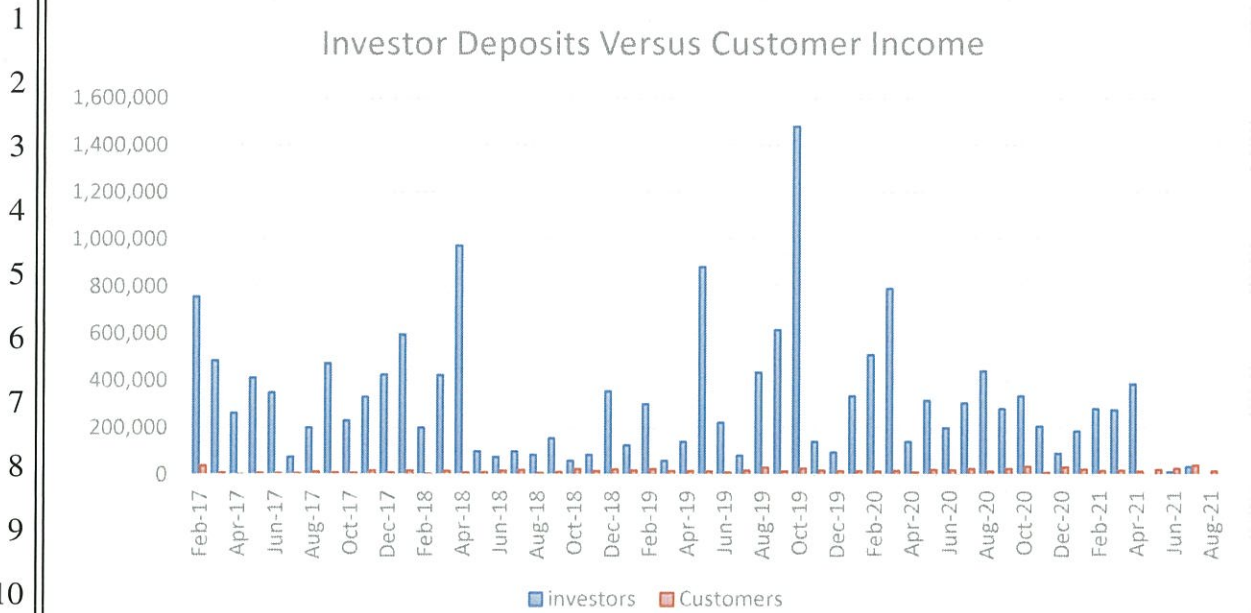
24 16. The Debtor did obtain FCC licenses for some investors, which identified
25 latitude and longitude coordinates that allowed the investor to broadcast at a specific
26 bandwidth range at that location. The Debtor also leased roof spaces from third parties,
27 and acquired some antennas to place on those roofs. The Debtor also had some customers,
28 mostly small businesses, who paid the Debtor monthly for internet use. From February 1,

1 2017 through December 31, 2017, the Debtor's gross income from those customers was
2 \$140,000. In 2018, the Debtor grossed \$190,000. In 2019, its gross income was \$240,000.
3 In 2020, \$256,000. That income was not sufficient to pay operational expenses and make
4 lease payments at \$500 per month per tower. Considering solely the 160 towers purchased
5 in 2017, the Debtor's monthly leaseback obligation was \$80,000. The Debtor's gross
6 monthly revenue from customers never exceeded \$40,000, ever. The only way the Debtor
7 could pay old investors was to obtain money from new investors.

8 17. The Debtor was a Ponzi scheme. It obtained substantially all of its "revenue"
9 from new investments, with only a small percentage coming from customers paying for
10 internet service. The Debtor's 2018 tax return, which reported income of \$3,091,834, was
11 simply a total of all deposits made into the Debtor's primary investment account at First
12 Bank, Account No. x0438 ("Account 0438"). This not only treated investor deposits as
13 pure income, but failed to account for actual customer revenue deposited into the Debtor's
14 other bank accounts: Chase Bank Account Nos. x6183, x2736, and x3932. In 2018,
15 investor deposits totaled \$3,205,000. Customer revenue totaled only \$190,000.

16 18. In 2018, customer revenue accounted for only 5.6% of all deposits being
17 made into the Debtor's accounts. That percentage is lower for both 2017 and 2019. In
18 2020, it was 6.1%. A graphical representation of investments versus revenue is on the
19 following page:
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19. Mr. Mayfield, Ms. Adjangba, Mr. Micheletti, and Mr. Wright did not operate the Debtor as a legitimate business. Nevertheless, the Debtor did have some expenses which it paid in order to appear legitimate. It leased office space, which Mr. Mayfield used to pitch potential investors. It had employees. It purchased office supplies. It made lease payments to investors. But those payments were minor compared to the transfers the Debtor made to or for the benefit of insiders, including numerous family members of Mr. Mayfield. The Trustee seeks to avoid all such transfers—including the Four-Year Transfers—that fall into that category, specifically transfers made to parties who either (i) provided the Debtor with no reasonably equivalent value in exchange, or (ii) did not take the transfers in good faith.

II. The Fraud

20. Prior to founding the Debtor, Mr. Mayfield worked at company in Texas that licensed radio frequencies from the U.S. government to re-sell on the private market, for the purposes of redistributing cell phone uses across the radio spectrum. Mr. Mayfield used his familiarity with that industry to defraud investors of the Debtor.

21. Mr. Mayfield used an attorney, Mr. Holt Smith, to modify contracts that Mr. Mayfield had used in his former business, for use in the Debtor's fraudulent scheme.

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1 These documents gave the veneer of legitimacy. The Debtor entered into
2 "Telecommunications Lease Agreements" with each investor, which promised a certain
3 rate of return in exchange for an investment. A "Spectrum Link Corporation Services And
4 Purchase Agreement" stated that the Debtor would purchase an antenna, install it, and also
5 submit an application to the FCC to obtain a license to use a certain millimeter wave
6 frequency. Some investors received a GHz Registration form. A "12 Month Service
7 Guarantee" promised a full refund to the investor, if the Debtor did not carry out its
8 obligations. The Debtor also provided some investors with Sub-License Agreements
9 between the Debtor and third parties, demonstrating that the Debtor had the right to place
10 an antenna at a certain roof location.

11 22. What the Debtor did not provide to investors was confirmation that an actual
12 antenna existed, at a specific location, that corresponded with the latitude and longitude
13 coordinates specified in the FCC license. The antennas that investors supposedly
14 "purchased" either did not exist, or the Debtor oversold to multiple investors. Some
15 investors became suspicious, and demanded their money be returned. For investors who
16 purchased only one or two antennas, the Debtor might agree to repurchase the antennas. It
17 could not always do so. Mr. Mayfield encouraged some protesting investors to sign a
18 "Mutual Recission and Release Agreement" and a "Sell Permission Agreement," meant to
19 further push back the deadline by which the Debtor had to return the investor's principal.

20 23. Some investors commenced legal action, seeking to enforce the terms of the
21 contracts. Typically, these were investors who had purchased so many towers that the
22 Debtor could not have repurchased them if it wanted to. Kenneth Thieman filed a
23 complaint in May, 2021, asserting that he invested \$900,000 between 2014 and 2016: 36
24 towers, for a monthly lease obligation of \$18,000. The highest gross monthly income the
25 Debtor ever averaged in a calendar year--in 2020--was \$21,314. The Debtor did not
26 generate sufficient proceeds, at any point, to both operate and pay this single investor. The
27 Debtor had more than 100 investors.

28 24. In early 2018, the Debtor's fraudulent scheme nearly collapsed; new

1 investment suddenly dried up. Mr. Mayfield, promoting a new business venture called
2 Spectrumlink Entertainment, Inc. and a music festival called "Lost in Paradise," obtained
3 \$972,500 in investor financing in April, 2018—more than the Debtor had ever received in
4 a single month. Investments then plummeted—visible in the chart in paragraph 18. Over
5 the next seven months, the Debtor averaged less than \$100,000 per month in tower
6 purchases. With gross monthly customer revenue averaging \$16,500 at that time, the
7 fraudulent scheme no longer made enough to pay old investors. In July, 2018, Mr.
8 Mayfield wrote his investors a letter, stating that lease payments would cease, with no
9 estimated restart date.

10 25. For many of the Debtor's old investors, regular payments never did resume.
11 Mr. Mayfield eventually began making payments to some, but at one-third the normal
12 amount per tower: \$166.66 per month. Mr. Mayfield and Mr. Wright—concealing the
13 fact that the Debtor had ceased payments on old investments--successfully convinced new
14 victims to invest. The Debtor did not fold in 2018.

15 26. In 2019, the Debtor obtained another \$4.6 million in investments, with \$1
16 million coming from a single investor. The Debtor's 2019 revenue from customers was
17 \$240,000--a slight increase, but nowhere close to enough to make lease payments. From
18 February, 2017, through December, 2019, the Debtor received \$11,780,597 in investor
19 money: 471 towers. The monthly expense on that debt was \$235,000—the Debtor's
20 approximate gross revenue for all of 2019. The Debtor's monthly lease obligations could
21 be paid only by new investment. From January, 2020, until Mr. Mayfield's death in April
22 2021, an additional \$5 million came in from investors. After Mr. Mayfield's death, no
23 further material investments came in. The Debtor declared bankruptcy in August, 2018.
24 At the time of its filing, the Debtor had \$72 in its bank account.

25 27. At all relevant times, Mr. Mayfield deposited investor money into Account
26 0438. Customer revenue came into various accounts, but after May 1, 2018, exclusively
27 into Chase Account 3932. After May 1, 2018, the Debtor transferred cash as follows: (i)
28 Account 0438 to insider-related transferees, (ii) Account 0438 to Account 3932, (iii)

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1 Account 3932 to employees, (iv) Account 3932 to investors, and (v) Account 3932 to
2 miscellaneous third parties. The balance of Account 0438 fluctuated wildly, depending on
3 the number of investor deposits. During a two-month period in 2018, it dropped by \$1
4 million. The balance of Account 3932 remained steady. It received transfers from
5 Account 0438 of just enough to cover expenses.

6 28. Mr. Mayfield used Account 0438 to transfer large amounts of funds to
7 insiders. During the Four-Year Period, he personally withdrew more than \$900,000 in
8 cash and cashier's checks, paid \$300,000 as a deposit for a residence located at 712 S. Lost
9 Canyon Road in Anaheim Hills, California (the "Anaheim Property"), and paid credit cards
10 issued to him personally, totaling more than \$1 million. He made significant transfers to
11 family members, including the mothers of certain of his children: Iris Berdugo (\$210,000
12 including rent payments), and Jasmine Archie (\$380,000, including rent payments and car
13 lease).

14 29. Despite telling investors that there was not enough money to pay them their
15 monthly lease payments, Mr. Mayfield signed a lease in July, 2020, for a brand new
16 Ferrari, valued at more than \$200,000, using \$15,000 of the Debtor's money to fund the
17 down payment, and committing the Debtor to make monthly lease payments of nearly
18 \$3,000. Those payments continued through September, 2021—after the Petition Date.
19 Mr. Mayfield also used Debtor's money to pay the lease on a Rolls Royce Dawn through
20 March 2021 (approximately \$4,000 per month), and a 2014 Bentley for a certain Dr. Kain
21 Kumar through February, 2021 (\$3,000 per month)—despite Mr. Kumar being sentenced
22 to a two-year prison term for Medicare fraud on January 6, 2020.

23 30. Mr. Mayfield made his largest non-family payments to Mr. Micheletti and
24 Mr. Wright. During the Four-Year Period, Mr. Micheletti received \$402,500 through his
25 company Micheletti Consulting. Mr. Wright received \$1.3 million, through his companies
26 Enumah Group (\$595,000), AWB Consulting (\$530,000), Global Distribution Group
27 (\$170,000), and his alter ego "Bob Davis" (\$8,875). Mr. Jefferson received \$220,000. Dr.
28 Alex Mukathe, the Debtor's accountant, received \$82,000.

1 31. The Debtor's fraud was unsustainable. From February, 2017, through April,
2 2021, investors paid \$16,850,000 to the Debtor---674 purported towers. The monthly
3 payment on that debt--\$337,000—was more than the gross revenue Debtor had made in
4 any year of its operation. The fraudulent scheme finally collapsed in April, 2021.

5 32. On April 1, Mr. Mayfield was admitted into Placentia Linda Hospital in
6 Orange, California with complications from Covid-19. His health did not improve. On
7 April 7, Mr. Mayfield signed over power of attorney to Ms. Adjangba. On April 9, Mr.
8 Mayfield signed his last check on behalf of the Debtor. Ms. Adjangba forged Mr.
9 Mayfield's signature on two more checks, to transfer funds from Account 0438 to Account
10 3932. On April 19, 2021, Mr. Mayfield died. The Debtor sent a letter out to investors the
11 next day, informing them of his death.

12 33. Ms. Adjangba became the Debtor's Chief Operating Officer, but the Debtor's
13 business activity largely ceased: from May, 2021, onward, the Debtor received only
14 \$37,350 from investors. Ms. Adjangba transferred \$20,000 to Mr. Wright on April 20,
15 2021, but largely ceased paying other expenses. With no funds coming in except customer
16 revenue—not enough to operate—bankruptcy loomed.

17 34. Ms. Adjangba and Roger Jefferson met with bankruptcy counsel Michael
18 Berger on June 4, 2021. Ms. Adjangba met again with Gary Baddin, who worked with
19 Michael Berger, on July 14, 2021. In that meeting, Ms. Adjangba informed Mr. Baddin
20 that Mr. Mayfield may have embezzled \$3,676,000 from the Debtor. This was true, of
21 course, because Ms. Adjangba had personal knowledge that Mr. Mayfield used Debtor's
22 funds to benefit her family members.

23 35. The Los Angeles Sheriff seized the Debtor's bank accounts in July, 2021,
24 taking \$40,000 in cash. The Debtor filed its bankruptcy case on August 11, 2021. Ms.
25 Adjangba signed the petition as the Debtor's Chief Operating Officer. She has since
26 ceased communicating with the Trustee.

27 **III. The Trustee's Investigation**

28 36. Upon his appointment, the Trustee investigated the Debtor and the transfers

1 made by the Debtor during the Four-Year Period. Specifically, the Trustee obtained and
2 reviewed all bank statements in the Four-Year Period in the name of the Debtor at First
3 Bank (Account 0438) and Chase Bank Accounts 2721, 6183, 2736, 3932, 3957, and 5023.
4 Of these last accounts, accounts 3957 and 5023 had no material activity. Chase Account
5 6183, opened in January, 2016, was used as the Debtor's primary operating account until
6 May, 2018, then closed and Account 3932 became the primary operating account.

7 37. The Trustee determined as part of this investigation that the Debtor made
8 transfers to four broad categories of transferees. First, the Debtor made payments to
9 investors. Second, the Debtor made payments to third parties for expenses necessary to
10 maintain the illusion that the Debtor was a legitimate business: office leases, rooftop
11 leases, FedEx charges, utilities, certain employees. Third, the Debtor made payments
12 directly to insiders who perpetrated the fraudulent scheme: Mr. Mayfield, Mr. Wright, Mr.
13 Micheletti, Ms. Adjangba, Dr. Mukathe. Fourth, the Debtor made payments to third
14 parties to pay expenses owed by other third parties, typically Mr. Mayfield's family
15 members and insiders: apartment rent, car leases, school tuition, jewelry—the Four-Year
16 Transfers fall into this category.

17 38. Next, the Trustee reviewed applicable defenses that apply in the context of
18 Ponzi scheme cases in the U.S. Court of Appeals for the Ninth Circuit (the "Ninth
19 Circuit"). Here, the Debtor's operations qualified as a Ponzi scheme as articulated by the
20 Ninth Circuit in In re Agricultural Research Technology Group, 916 F.2d 931 (9th Cir.
21 1990) because it was an arrangement whereby the Debtor made payments to investors
22 from the proceeds of a later investment rather than from profits of the underlying business
23 venture, as investors expected. This gave investors the impression that a legitimate profit
24 making business opportunity existed, where in fact no such opportunity existed. Once a
25 Ponzi scheme is found to exist, all transfers made in connection with that Ponzi are
26 deemed fraudulent, as all such transfers are made for the purpose of reinforcing the illusion
27 that the Ponzi is a legitimate investment vehicle and thus, encouraging additional
28 investment into the scheme. AFI Holding, Inc. v. Mackenzie, 525 F.3d 700, 704 (9th Cir.

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2008). However, transferees may possess a defense if they received the transfers in good faith and in exchange for value. The Ninth Circuit in Donell v. Kowell, 533 F.3d 762 (9th Cir. 2008) stated that for defrauded investors there is "netting" of the principal invested against amount received from the Ponzi--the balance is an avoidable transfer.

39. For this reason, the Trustee evaluated, in the case of each transferee, whether that transferee gave value to the Debtor, whether the transferee gave value in good faith, and for each investor, whether that investor received more than they invested with the Debtor. The Trustee mailed approximately 120 demand letters to transferees, including the Defendant and received numerous responses which the Trustee also analyzed, to determine whether an avoidance action should be brought.

40. After performing this analysis, the Trustee determined that an avoidance action should be brought against the Defendant, to avoid and recover the Four-Year Transfers.

IV. The Transfers

41. In the two-year period prior to the Petition Date, from August 11, 2019, to August 10, 2021 (the "Two-Year Period"), the Debtor made payments to Defendant by wire or by check written from Account 0438 in the total amount of \$33,697.00 (the "Two-Year Transfers")

42. The Two-Year Transfers are identified by amount of each individual payment, and the date the payment was made, as follows:

September 10, 2019: \$23,844.00

March 12, 2021: \$9,853.00

Total: \$33,697.00

43. In the four-year period prior to the Petition Date, from August 11, 2017 to August 10, 2021 (the "Four-Year Period"), the Debtor made payments to Defendant wire or by check written from Account 0438 in the total amount of \$52,839.00 (the "Four-Year Transfers").

44. The Four-Year Transfers consist of the Two-Year Transfers, plus the

1 following additional transfers identified by month and amount of each individual payment
2 made during that month:

3 February 21, 2019: \$11,191.00

4 March 26, 2021: \$7,951.00

5 45. The Defendant operates a pawn shop. The Trustee is informed and believes
6 that Mr. Mayfield made the Four-Year Transfers to Defendant in order to pay off a loan
7 that Defendant made to Mr. Mayfield in his personal capacity. As such, when making the
8 Four-Year Transfers, the Debtor paid a debt for which it was not responsible, and for
9 which the Debtor did not receive any value. Further, Defendant knew at the time that it
10 received payment from the Debtor, that the Debtor was paying a debt it did not owe, to pay
11 an obligation that provided no benefit to the Debtor's business, and thus Defendant did not
12 receive the Four-Year Transfers in good faith.

13 **V. Badges Of Fraud Related To The Four-Year Transfers**

14 46. Multiple badges of fraud are present with respect to the Four-Year Transfers,
15 including the following:

- 16 • The Debtor was a Ponzi scheme during its entire existence, as substantially
17 all money generated by the Debtor's operations came from new investments,
18 instead of regular business operations. The Debtor solicited investments
19 from investors at a time when its revenue source from customers paying for
20 internet usage was minimal, and not sufficient to pay general operating
21 expenses. Further, investor deposits only burdened the Debtor with
22 significantly more debt that it could not repay. This meant that the Debtor
23 was required to enter into more and more fraudulent transactions in order to
24 pay for prior obligations;
- 25 • The Debtor was insolvent during the Four-Year Period;
- 26 • The Debtor had incurred, and was continuing to incur, substantial debt at the
27 time the Four-Year Transfers were made;
- 28 • The Four-Year Transfers were made while the Debtor was under threat of

1 potential lawsuits. Had the Debtor's investors discovered the fraud, the
2 Debtor and its principals would have been subject to numerous lawsuits.
3 Certain of the Debtor's investors did pressure the Debtor to make payments,
4 including buying back the antennas, after discovering the fraud, and in some
5 instances including Mr. Thieman actually filed suit;

- 6 • The Debtor removed and concealed assets. Mr. Mayfield transferred
7 investor money from the Debtor's accounts to himself, his family members,
8 and other insiders to fund a lavish lifestyle, including purchasing the
9 Anaheim Property.
 - 10 • The Debtor made the Four-Year Transfers for less than reasonably
11 equivalent value;
 - 12 • The Debtor made false statements, concealed facts, and operated under false
13 pretenses. Among other things, the Debtor made misrepresentations
14 concerning the following: (a) its financial condition; (b) its contractual
15 relationships with property owners including, specifically, leases of property
16 where an investor-purchased antenna was to be placed, (c) its ownership of
17 physical items such as antennas, and (d) its revenue from customers.
 - 18 • The Debtor's transactions with third parties such as the Defendant were
19 questionable and not in ordinary course for a legitimate business.
20 Telecommunications companies such as the Debtor purported to be do not
21 pay the debts of individuals who obtain personal loans from pawn shops.
 - 22 • The Debtor made the Four-Year Transfers under secrecy and did not inform
23 investors that it was using company funds to pay the personal debts of Mr.
24 Mayfield.
 - 25 • The Debtor was aware of investor deposits with the company and was aware
26 that it was incapable of paying those investors back.
- 27
28

FIRST CLAIM FOR RELIEF

**(Avoidance and Recovery Of Four-Year Transfers As Intentionally Fraudulent
Transfers Pursuant To 11 U.S.C. § 544(b) And 550(a) And Cal. Civil Code §
3439.04(a)(1)) and 3439.07)**

47. The Trustee realleges and incorporated herein by reference each and every allegation contained in the paragraphs above as though set forth in full.

48. The Four-Year Transfers were made with the actual intent to hinder, delay, and/or defraud Debtor's creditors in that, among other things,

a. the Debtor was a Ponzi scheme, in which substantially all of the income generated by the Debtor's operations came from investors, and not from other business activity, and money generated from new investors was used to pay off old investors,

b. prior to receiving the Four-Year Transfers, the Defendant did not transfer any property to the Debtor of material value;

c. at no time did the Debtor enter into any agreement with Defendant to pay Defendant for any good or service provided by Defendant to Debtor;

d. the value of any consideration transferred by Defendant to the Debtor was not reasonably equivalent to the value of the Four-Year Transfers;

e. The Four-Year Transfers effectuated a transfer of a substantial amount of the Debtor's assets;

f. The Debtor was insolvent at the time the Four-Year Transfers were made;

g. The Four-Year Transfers occurred after the Debtor incurred substantial debt; and

h. The Four-Year Transfers were made for the benefit of an insider.

49. At all relevant times, the Four-Year Transfers were voidable under California Civil Code §§ 3439.04(a) and 3439.07 by one or more creditors who held and hold unsecured claims against the Debtor that were and are allowable against the Estate

1 under 11 U.S.C. § 502. These creditors include those creditors who are listed in the
2 Debtor's schedules as holding undisputed claims or who have filed proofs of claim against
3 the Estate.

4 50. The Trustee is entitled to an order and judgment under 11 U.S.C. § 544(b)
5 and 550(a) that the Four-Year Transfers are avoided.

6 **SECOND CLAIM FOR RELIEF**

7 **(Avoidance and Recovery Of Four-Year Transfers As Constructively Fraudulent**
8 **Transfers Pursuant To 11 U.S.C. § 544(b) And 550(a) And Cal. Civil Code §**
9 **3439.04(a)(2)) and § 3439.05 and California Civil Code § 3439.07)**

10 51. The Trustee realleges and incorporated herein by reference each and every
11 allegation contained in paragraphs above as though set forth in full.

12 52. At the time of the Four-Year Transfers, the Debtor: (i) was engaged in a
13 business for which the remaining assets of the Debtor were unreasonably small in relation
14 to the business; (ii) intended to incur, or believed or reasonably should have believed that it
15 would incur, debts beyond its ability to pay as they became due; or (iii) the Debtor was
16 insolvent.

17 53. The Debtor made the Four-Year Transfers to the Defendant without
18 receiving a reasonably equivalent value in exchange for the transfers.

19 54. The Trustee is entitled to an order and judgment under 11 U.S.C. § 544(b)
20 and 550(a) that the Four-Year Transfers are avoided.

21 **THIRD CLAIM FOR RELIEF**

22 **(Avoidance and Recovery Of Two-Year Transfers As Intentionally Fraudulent**
23 **Transfers Pursuant To 11 U.S.C. §§ 548(a)(1)(A) and 550(a))**

24 55. The Trustee realleges and incorporated herein by reference each and every
25 allegation contained in the above paragraphs as though set forth in full.

26 56. During the Two-Year Period, the Debtor made the Two-Year Transfers to or
27 for the benefit of the Defendant.

28 57. The Two-Year Transfers were made by the Debtor with the actual intent to

1 hinder, delay, or defraud the Debtor's creditors.

2 58. The Defendant did not provide the Debtor with reasonably equivalent value
3 in exchange for the Two-Year Transfers and did not take such transfers in good faith.

4 59. The Trustee is entitled to an order and judgment under 11 U.S.C. §§
5 548(a)(1)(A) and 550(a) that the Two-Year Transfers are avoided.

6 **FOURTH CLAIM FOR RELIEF**

7 **(Avoidance and Recovery Of Two-Year Transfers As Constructively Fraudulent**
8 **Transfers Pursuant To 11 U.S.C. §§ 548(a)(1)(B) and 550(a))**

9 60. The Trustee realleges and incorporated herein by reference each and every
10 allegation contained in the above paragraphs as though set forth in full.

11 61. At the time of the Two-Year Transfers, the Debtor: (i) was insolvent, (ii)
12 was engaged in a business for which its remaining assets were unreasonably small in
13 relation to the business, or (iii) intended to incur, or believed or reasonably should have
14 believed that it would incur, debts beyond its ability to pay as they became due.

15 62. The Debtor made the Two-Year Transfers to the Defendant without
16 receiving a reasonably equivalent value in exchange for the transfers.

17 63. The Trustee is entitled to an order and judgment under 11 U.S.C. §§
18 548(a)(1)(B) and 550(a) that the Two-Year Transfers are avoided.

19 **FIFTH CLAIM FOR RELIEF**

20 **(Recovery Of Transfers Or The Value Thereof Pursuant To 11 U.S.C. § 550)**

21 64. The Trustee realleges and incorporated herein by reference each and every
22 allegation contained in the above paragraphs as though set forth in full.

23 65. To the extent that the Defendant is not the initial transferee of the Four Year
24 Transfers, the Defendant is the immediate or mediate transferee of the initial transferee of
25 such transfer.

26 66. The Four-Year Transfers are recoverable from Defendant as the immediate
27 or mediate transferee of the Four-Year Transfers that the Debtor made with the actual
28 intent to hinder, delay, or defraud its creditors, including those creditors who are listed in

1 the Debtor's schedules as holding undisputed claims or who have filed proofs of claim
2 against the Estate.

3 67. To the extent the Four-Year Transfers are avoided, the Trustee may recover,
4 for the benefit of the Estate, the Four-Year Transfers, or, if the Court so orders, the value
5 of the Four-Year Transfers.

6 **FOR THESE REASONS**, the Trustee prays for judgment against Defendant
7 as follows:

8 **ON THE FIRST CLAIM FOR RELIEF**

9 1. For a judgment that the Four-Year Transfers are avoided under §§ 544(b)
10 and 550(a) and/or providing any other remedy available under applicable law;

11 **ON THE SECOND CLAIM FOR RELIEF**

12 2. For a judgment that the Four-Year Transfers are avoided under §§ 544(b)
13 and 550(a) and/or providing any other remedy available under applicable law;

14 **ON THE THIRD CLAIM FOR RELIEF**

15 3. For a judgment that the Two-Year Transfers are avoided under §§
16 548(a)(1)(A) and 550(a) and/or providing any other remedy available under applicable
17 law;

18 **ON THE FOURTH CLAIM FOR RELIEF**

19 4. For a judgment that the Two-Year Transfers are avoided under §§
20 548(a)(1)(B) and 550(a) and/or providing any other remedy available under applicable
21 law;

22 **ON THE FIFTH CLAIM FOR RELIEF**

23 5. To the extent any of the Four-Year Transfers are avoided, for a judgment that
24 the Trustee may recover, for the benefit of the Estate, such transfer, or, if the Court so
25 orders, the value of such transfer, under 11 U.S.C. § 550(a);

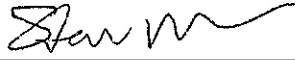
26 **ON ALL CLAIMS FOR RELIEF**

27 6. For interest as permitted by law from the date of the Four-Year Transfers;
28 and

7. For costs of suit incurred, including attorney's fees.

DATED: June 9, 2023

GREENSPOON MARDER LLP


By: 
Steven F. Werth
Attorneys for Howard M. Ehrenberg, Chapter
7 Trustee

GREENSPOON MARDER LLP
333 SOUTH GRAND AVENUE, SUITE 3400
LOS ANGELES, CALIFORNIA 90071
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B1040 (FORM 1040) (12/15)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)		ADVERSARY PROCEEDING NUMBER (Court Use Only)
PLAINTIFF HOWARD M. EHRENBERG, Chapter 7 Trustee		DEFENDANT IDEAL LUXURY, LLC, a California limited liability company
ATTORNEYS (Firm Name, Address, and Telephone No.) Mark S. Horoupian (CA Bar No. 175373) <i>mark.horoupian@gmlaw.com</i> Steven F. Werth (CA Bar No. 205434) <i>steven.werth@gmlaw.com</i> GREENSPOON MARDER LLP 1875 Century Park East, Suite 1900 Los Angeles, California 90067 Telephone: 213.626.2311		ATTORNEYS (If Known)
PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input checked="" type="checkbox"/> Trustee		PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input checked="" type="checkbox"/> Other <input type="checkbox"/> Trustee
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) AVOIDANCE AND RECOVERY OF FRAUDULENT TRANSFERS UNDER 11 U.S.C. §§ 544, 548, and 550		
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
FRBP 7001(1) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/ Revocation of Discharge <input type="checkbox"/> 41-Objection/re vocation of discharge - §727(c),(d),(e) FRBP 7001(5) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(6) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)		FRBP 7001(6) – Dischargeability (continued) <input type="checkbox"/> 61 -Dischargeability- §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65 -Dischargeability - other FRBP 7001(7) – Injunctive Relief <input type="checkbox"/> 71 -Injunctive relief- imposition of stay <input type="checkbox"/> 72-Injunctive relief - other FRBP 7001(8) Subordination of Claim or Interest <input type="checkbox"/> 81 -Subordination of claim or interest FRBP 7001(9) Declaratory Judgment <input type="checkbox"/> 91 -Declaratory judgment FRBP 7001(10) Determination of Removed Action <input type="checkbox"/> 01 -Determination of removed claim or cause Other <input type="checkbox"/> SS-SIPA Case - 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)
<input type="checkbox"/> Check if this case involves a substantive issue of state law		<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23
<input type="checkbox"/> Check if a jury trial is demanded in complaint		<input checked="" type="checkbox"/> Demand: \$52,839.00
Other Relief Sought For interest and costs of suit.		

B1040 (FORM 1040) (12/15)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR SPECTRUM LINK, INC.		BANKRUPTCY CASE NO. 2:21-bk-16403-VZ
DISTRICT IN WHICH CASE IS PENDING Central	DIVISION OFFICE Los Angeles	NAME OF JUDGE Hon. Vincent P. Zurzolo
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) 		
DATE June 9, 2023	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Steven F. Werth	

INSTRUCTIONS

The filing of a bankruptcy case creates an “estate” under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor’s discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court’s Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff’s attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.